



U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

John L. Mica
Chairman

Nick J. Rahall, III
Ranking Member

December 2, 2011

James W. Coon II, Chief of Staff

James H. Zoin, Democrat Chief of Staff

SUMMARY OF SUBJECT MATTER

To: Members of the Committee on Transportation and Infrastructure

From: Majority Staff on the Subcommittee on Railroads, Pipelines, and Hazardous Materials

Subject: Hearing on "The Federal Railroad Administration's High Speed and Intercity Passenger Rail Program: Mistakes and Lessons Learned"

I. Purpose of Hearing

On Tuesday, December 6, 2011, at 11:00 a.m. in 2167 Rayburn House Office Building, the Committee on Transportation and Infrastructure will receive testimony regarding the Federal Railroad Administration's High-Speed and Intercity Passenger Rail (HSIPR) Program. While the HSIPR Program was launched in 2009, Congress has not funded the program in fiscal years 2011 and 2012. This oversight hearing will provide an opportunity to review the HSIPR program, examine what projects are being developed with the federal funding invested thus far, and discuss concerns with the program's direction and focus.

II. History of HSIPR Program

Legislative History

In October 2008, the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) established the groundwork for what would become the Federal Railroad Administration's (FRA) HSIPR Program. Using that framework, the American Recovery and Reinvestment Act (ARRA), passed in January 2009, allocated \$8 billion in federal funding, which was used to launch the FRA's HSIPR program in June 2009. The President's stated vision for the HSIPR program was to provide 80 percent of Americans with access to high-speed rail within 25 years.

The ARRA combined two separate PRIIA grant programs, the State Capital Grants for Intercity Passenger Rail Service (49 USC 24402), and the High-Speed Rail Corridor Development Program (49 USC 26106). The two separate programs had different purposes and criteria. The State Capital Grants were available to expand or improve intercity passenger rail

transportation, regardless of speed. The High-Speed Rail Corridor program was targeted to designated high-speed rail corridors, and only for rail services that reach speed of at least 110 miles per hour.

Only two months after the passage of the ARRA, Congress appropriated \$90 million in the fiscal year 2009 Omnibus for State Capital Grants for Intercity Passenger Rail Service. In Fiscal Year 2010, the two programs were once again combined under HSIPR, and \$2 billion in funding was appropriated. However, in the past two fiscal years (2011 and 2012), Congress has not funded the HSIPR Program, and the fiscal year 2011 Omnibus actually rescinded \$400 million of unobligated HSIR funds. This pause in funding allows Congress to re-evaluate the merits of the HSIPR Program and take stock of lessons learned from administration of the HSIPR Program thus far.

Project Selection and Obligation History

FRA has solicited applications for the \$10.1 billion in remaining grant funding and received applications from over 39 states, the District of Columbia, and Amtrak for over \$75 billion. Since January 2010, the FRA has awarded all of the HSIPR Program funding and a majority of those funds have been obligated. The following chart identifies the HSIPR obligations and awards by corridor. It is important to note that, for the most part, each corridor listed consists of a number of different specific projects.

Corridor	Number of Projects	Obligated Amounts	Awarded, Not Obligated	Total
California High-Speed Rail	5	\$2.968B	\$929M	\$3.897B
California-Multiple Corridors	4	\$189M	\$0	\$189M
California-Capitol Corridor	3	\$29M	\$0	\$29M
California-Pacific Surfliner Corridor	15	\$115.8M	\$4.4M	\$120.2M
Charlotte-Raleigh-Richmond	8	\$590M	\$106M	\$696M
Chicago-Detroit	9	\$366M	\$229M	\$595M
Chicago-Milwaukee-Madison-Twin Cities	6	\$50.7M	\$40M	\$90.7M
Chicago-Iowa City-Des Moines-Omaha	1	\$0	\$230M	\$230M
Chicago-St. Louis	3	\$1.156B	\$186M	\$1.342B
Kansas City-St. Louis	10	\$35.9M	\$0	\$35.9M
Midwest-Multiple Corridor Equipment	1	\$268M	\$0	\$268M
Northeast Corridor	12	\$954M	\$0	\$954M
New Haven-Springfield-St. Albans	5	\$196M	\$121M	\$317M
New York-Albany-Buffalo	12	\$167.7M	\$77M	\$244.7M
Philadelphia-Harrisburg	4	\$65M	\$0	\$65M
Portland (ME)-Brunswick	2	\$59M	\$0	\$59M
Portland (OR)-Seattle-Vancouver (BC)	10	\$789.5M	\$21M	\$810.5M
Tampa-Orlando	1	\$67M	\$0	\$67M
Others (Planning, State Rail Plans, Others)	42	\$67.3M	\$22.8M	\$90.1M

Of the projects that have been obligated funding, only the California High-Speed Rail project would be true-high speed rail, yet that project has recently seen its estimated costs more

than double from an original estimate of \$43 billion to \$98.5 billion, while the estimated completion date has been extended another 13 years. The Committee will hold a separate hearing regarding this project.

Now that federal funding for the HSIPR Program has been cut-off and a majority of the funds have been obligated, the Committee will hear from witnesses about their concerns with the program and identify lessons to be learned from implementation.

III. Concerns with HSIPR Program

Project Selection Issues at the FRA

Numerous concerns have been raised regarding the project selection process at the Federal Railroad Administration (FRA). In March 2011, the Government Accountability Office (GAO) released a report, completed at House Transportation and Infrastructure Committee Chairman Mica's request, examining the extent to which the FRA applied its established criteria to select projects, following recommended practices for awarding discretionary grants, and communicated outcomes to the public, compared with selected other Recovery Act competitive grant programs.

The report highlighted concerns with transparency and other issues with FRA's selection process. Specifically, the report found FRA applied its established criteria during the eligibility and technical review, but GAO could not verify whether it applied its final selection criteria because the documented rationales for selecting projects were typically vague. Without a detailed record of selection decisions, GAO concluded that FRA leaves itself vulnerable to criticism of the integrity of those decisions.

The GAO concluded that establishing a record that provides insight into why decisions were made, rather than merely restating general technical review and selection criteria, including amounts to be provided, would enhance the credibility of FRA's awards decisions to the extent that this record confirms that selected projects aligned with established criteria and goals. By not establishing this record, FRA has raised significant skepticism about the overall fairness of decisions.

Rejection of Federal HSIPR Funds by Ohio, Wisconsin, and Florida

The HSIPR Program experienced strong opposition at the state level from the Governors of Ohio, Wisconsin, and Florida. Respectively, Governors Kasich, Walker, and Scott expressed concerns over a number of issues, including the potential costs to their states.

In Ohio, the proposed Cleveland to Columbus to Cincinnati ("3C") passenger train would have made four runs daily, making six stops including Cleveland, Columbus, Dayton, and Cincinnati over a 258-mile route. The federal government initially committed \$400 million to the project. During his campaign, Governor Kasich derided the project's "high speed" moniker. After his election, Governor Kasich appealed to President Obama, requesting that the high speed

rail money be used on other infrastructure projects in Ohio, or, in the alternative, be returned to the Treasury for debt reduction. Governor Kasich's requests were denied.

Similarly, Wisconsin Governor Scott Walker campaigned against the Madison to Milwaukee rail line, which would have received \$810 million, as a waste of taxpayer money. Walker claimed he did not want to commit the state to annual operating expenses once the line was complete. Walker also claimed the Milwaukee to Madison trains initial average speed of less than 60 mph would not provide an attractive alternative to the modest intercity drive and the rail line itself would create only a few permanent jobs. Governor Walker, like Governor Kasich, had also sought to spend the money on other Wisconsin transportation projects such as roads and bridges. Wisconsin's request to flex these funds was denied.

On December 10, 2010, U.S. Secretary of Transportation Ray LaHood announced \$1.2 billion in grants for Ohio and Wisconsin would be removed and redirected to other states. From the redirected funds, California received \$624 million, Florida \$342 million, Washington \$161 million, Illinois \$42 million, and 10 other states receiving smaller amounts.

On February 16, 2011, Florida Governor Rick Scott formally announced he would also be rejecting all federal funds to construct a high speed rail project in the state, thereby killing the Florida High Speed Rail project. Governor Scott determined the project would be too costly to taxpayers and that the risks outweighed the benefits. In declining more than \$2 billion in federal funds for a proposed Orlando to Tampa line, Governor Scott claimed the federal government's ridership and revenue estimates were too optimistic, meaning that Florida taxpayers would have to subsidize the line. He also suggested that cost overruns could leave Florida taxpayers having to foot a \$3 billion bill. Those funds were once again redistributed to other states in May 2011. From the redirected funds, the Northeast Corridor received \$795 million, the Midwest corridors of Chicago to St. Louis and Chicago to Detroit received \$404 million, California and the Midwest received \$336 million for equipment, and California received \$300 million.

IV. The Northeast Corridor

The NEC is one the most valuable transportation assets in the United States, providing the only continuous physical link, along with I-95, between the major population centers of Washington, DC, Baltimore, Philadelphia, New York City, and Boston. The Northeast megalopolis is the most densely populated area in the United States, with 18 percent of the nation's population living in just 2 percent of its land area. Taken as a whole, the NEC region would be the sixth largest economy in the world with a GDP of \$2.59 trillion, and a population equal to the United Kingdom.

Amtrak, the for-profit, yet government-subsidized, intercity passenger rail provider, controls nearly the entire NEC. Of the 437 total miles of the NEC, Amtrak owns and controls 363 miles, with states controlling portions of the route north of New York City.

The NEC falls far short of international high-speed standards. The Acela, Amtrak's high speed service, averages only 83 miles per hour between DC and New York and only 72 miles per

hour between New York and Boston. Internationally, high-speed trains can average 150 mph and many nations are upgrading systems to achieve top speeds of 220 mph.

The NEC was finally designated as a federally recognized "High Speed Rail Corridor" in March 2011. The designation gives Amtrak the ability to apply for federal dollars that support high-speed rail projects in the NEC. Previously, only states in the Northeast could apply for stand-alone projects along the Northeast Corridor, but not for a corridor-wide improvement or upgrade to support high-speed rail.

While states along the NEC received funding for a variety of projects, Amtrak did not receive an award for the NEC until May 2011, when FRA awarded it \$50 million for NEC power, signal, track, and catenary improvements. Including the grants awarded to states, the NEC has received only \$954 million of the \$10.1 billion, or approximately 9.4% of the total funding.

Without question, the NEC represents the best opportunity for true high-speed rail in the United States. In general, the highest demand for high speed rail occurs in city pairs that are located 100 – 500 miles apart with large populations and economies, along with the presence of regional and local transit networks to provide connectivity for intercity passengers. The NEC region is home to four of the ten most populous metro regions in the nation – New York, Philadelphia, Washington, DC, and Boston – and 18 percent of the nation's population living in just 2 percent of its land area.

Similarly, some of the competitive advantages of high-speed rail compared to air travel include the ability to bring passengers directly into a city center and to connect local and regional transit networks. High-speed rail systems attract greater numbers of riders if they end in central downtown locations and tie into existing commuter rail and transit systems. The NEC region is home to eight commuter rail systems carrying approximately 350 million annual riders and is home to the two busiest subway systems in the nation (New York and Washington, DC, respectively). From a potential ridership perspective, coupling these factors with the population numbers makes the NEC an ideal candidate for the development of true high-speed rail.

Business travel is also critical to sustaining the ridership of high-speed rail systems, and business travel is highest in places with the most productive economies. Gross Domestic Product (GDP) per capita is the broadest measure associated with both economic productivity and personal income. The Northeast Corridor accounts for four of the ten most productive metro regions in the national and accounts for one-fifth of the nation's GDP. As noted above, the NEC region alone would be the world's sixth largest economy. Developing true high-speed rail in this region, not only makes sense for business travel, but could help grow the economy of the region.

Furthermore, reducing congestion, both at airports and on highways, is another important motivating factor for building high-speed rail. In the NEC region, the I-95 Corridor Coalition estimates that over 60% of the urban road miles of Interstate 95 are heavily congested. Additionally, the airspace above New York is the most complex and congested in the nation. All three New York metro airports are among the five airports in the nation with the worst on-time arrival rate. In total, there are five Northeastern airports in the bottom ten performing airports in

the nation for on time performance, including Philadelphia and Boston. With highway routes in a near perpetual state of congestion, and approximately 75% of the nation's chronically delayed flights flying through the New York airspace bottleneck, a more effective intercity passenger rail network, with increased capacity and operating at higher speeds, is needed.

In fiscal year 2010, 10.5 million passengers rode Amtrak Acela and Regional NEC trains, capturing approximately 60 percent of air-rail market share between Washington, DC, and New York. Amtrak, the University of Pennsylvania, and other organizations have performed ridership studies showing that, with the necessary infrastructure improvements, passenger rail ridership on the NEC could double or triple, significantly reducing air and highway congestion by inducing passengers to switch from one mode to another.

All the factors that point to a successful high-speed rail system, be it regional population, regional economy, interconnectivity, or congestion concerns, exist on the NEC. Population density in the NEC region is higher than anywhere else in the Nation, it is home to extensive transit and regional rail systems that complement intercity passenger rail traffic, and boasts productive economies with an extensive existing travel market. Additionally, New York and Washington, DC, are separated by just over 200 miles with two major cities in between – Philadelphia and Baltimore. In summary, the NEC typifies the ideal corridor for high-speed rail.

V. Invited Witnesses

The Honorable Ray LaHood
Secretary
United States Department of Transportation

The Honorable Joan McDonald
Chairman
Northeast Corridor Infrastructure and Operations Advisory Commission

Ken Orski
Editor/Publisher
Innovation News Brief

Richard Geddes
Adjunct Scholar
American Enterprise Institute

Ross Capon
President & CEO
National Association of Railroad Passengers